

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2021-34-E - ORDER NO. 2021-295  
APRIL 30, 2021

IN RE: Dominion Energy South Carolina,	) ORDER APPROVING
Incorporated's Annual Update on Demand	) RATE RIDER CHANGE
Side Management Programs and Petition to	) AND ADDRESSING
Update Rider (*Filing Includes a Request for	) CERTAIN DEMAND SIDE
a Rate Increase*)	) MANAGEMENT
	) PROGRAMS AND
	) RELATED ISSUES

**I. INTRODUCTION**

This matter comes before the Public Service Commission of South Carolina (the “Commission”) pursuant to S.C. Code Ann. § 58-37-20 (2015) and S.C. Code Ann. Regs. 103-819 and 103-825 (2012) and in compliance with Order No. 2010-472, as affirmed and modified by Order Nos. 2013-826 and 2019-880, for consideration of Dominion Energy South Carolina, Inc.’s (“Dominion” or the “Company”) Annual Update on Demand Side Management Programs and Petition to Update Rider. The Company submitted for review information concerning the current status of Dominion’s demand reduction and energy efficiency (“Demand Side Management” or “DSM”) programs and petitions the Commission for authorization to update its “Rider to Retail Rates – Demand Side Management Component” (“DSM Rider”) to provide for the recovery of the Company’s costs and net lost revenues associated with its DSM programs, along with an incentive for

investing in such programs, effective for bills rendered on and after the first billing cycle of May 2021.

## **II. NOTICE AND INTERVENTION**

By letter dated February 8, 2021, the Clerk's Office of the Commission instructed the Company to publish, on or before February 22, 2021, a Notice of Filing (the "Notice") in newspapers of general circulation. Among other things, the Notice provided information regarding the nature of the proceeding and advised any interested person desiring to participate as a party of record to file a Petition to Intervene on or before March 8, 2021. On March 5, 2021, the Company filed affidavits demonstrating that the Notice was duly published in accordance with the instructions set forth in the February 8, 2021 letter of the Clerk's Office. Walmart, Inc. ("Walmart") timely filed its Petition to Intervene on March 8, 2021, as did the South Carolina Coastal Conservation League and the Southern Alliance for Clean Energy (together, the "Joint Petitioners"). Dominion did not oppose the Petitions to Intervene, and no other parties sought intervention. The South Carolina Office of Regulatory Staff ("ORS") is a party of record pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2020).

## **III. BACKGROUND**

By Order No. 2010-472, as affirmed and modified by Order No. 2013-826 and Order No. 2019-880, the Commission approved Dominion's suite of DSM programs and authorized the Company to continue its DSM Rider. The DSM Rider is designed to allow the Company to recover the costs and net lost revenues associated with its DSM programs along with a shared savings incentive. Through Program Year 9, the Shared Savings

Incentive is equal to 6% of the customers' net benefits. In accordance with Order No. 2019-880, the Shared Savings Incentive in Program Year 10 and thereafter is equal to 9.9% of the customers' net benefits as determined by the Total Resource Cost test. See S.C. Code Ann. § 58-37-20 (2015). In Order No. 2019-880, the Commission instructed Dominion to continue to file an annual report in January of each year as directed in Order No. 2010-472 and Order No. 2013-826 and to continue to do so each January through the life of the DSM programs. The annual filing must set forth the programs, net lost revenues, program costs, shared savings incentive, net program benefits, and other items as appropriate. Moreover, the annual filing must encompass the twelve-month period beginning December 1 and ending November 30. For this annual filing, the prior review period is December 1, 2018, to November 30, 2019 ("Program Year 9"); the current review period is December 1, 2019, to November 30, 2020 ("Program Year 10"); and the forecasted period is December 1, 2020, to November 30, 2021 ("Program Year 11").

#### **IV. RATE RIDER**

Dominion asserts that the Company is entitled to recover \$29,164,781 as an amortization of Program Costs, \$16,950,616 for Net Lost Revenues, and \$1,833,447 as an amortization of the Shared Savings Incentive, for a total requested recovery of \$47,948,844. The Office of Regulatory Staff agrees; it states that the updated DSM Rider was developed in accordance with the terms and conditions set forth in Order Nos. 2010-472, 2013-826, and 2019-880. To recover these amounts, the Company requests approval of the following DSM Rider figures: \$0.00244 per kilowatt-hour for residential customers, \$0.00500 per kilowatt-hour for small general service customers, \$0.00307 per kilowatt-

hour for medium general service customers, and \$0.00131 per kilowatt-hour for large general service customers. Based upon the foregoing, the DSM Rider for a residential customer will increase from \$0.00220 to \$0.00244 per kilowatt-hour. The Company and ORS estimate this will cause the bill of an average residential customer using 1,000 kilowatt-hours per month to increase by approximately \$0.23.

## **V. DSM PROGRAMS**

Dominion currently offers ten (10) DSM programs, seven (7) residential programs – Home Energy Check-Up, ENERGY STAR Lighting, Heating & Cooling, Home Energy Reports, Neighborhood Energy Efficiency Program (“NEEP”), Appliance Recycling, and Multifamily – and three (3) commercial and industrial programs – EnergyWise for Your Business, Small Business Energy Solutions, and Municipal LED Lighting. ORS is concerned that since PY4, the Company’s actual energy savings have fallen well short of the Company’s projections of energy savings. ORS recommends that the Company revisit the methodology used in establishing energy savings projections to ensure better alignment of actual energy savings with projections in the Company’s future filings. ORS is also concerned that the Home Energy Check-up program has failed to be cost effective in Program Years 8 and 9; and is projected by the Company to fail the cost effectiveness test in Program years 10 and 11. ORS recommends that the Company incorporate any necessary changes to improve the cost effectiveness of this program.

ORS reports the Company made the following major changes to its program offerings during Program Year 10:

- The Home Energy Reports Program began the transition from an opt-in program to an opt-out program, in which participants are pre-selected by the Company with the ability to opt-out.
- The Home Energy Checkup program was severely limited by the COVID-19 pandemic. However, the Company developed a virtual Home Energy Check-up to allow participation without in-person visits.
- In response to the COVID-19 pandemic, the Company developed an Energy Efficiency kit for the NEEP program that could be delivered without entering homes. A total of 1,143 kits were distributed in Walterboro and Holly Hill.
- Indoor pickup of appliances in the Appliance Recycling program was suspended due to the pandemic. However, in August the Company introduced a no-contact option to allow the continuation of pickups.
- The new Multifamily Residential program was limited by the pandemic. The Company solicited approximately ten (10) properties but completed installations in only one (1) property.
- In the new Municipal LED Lighting program, the Company made twenty-three (23) presentations to prospective customers and signed contracts with nine (9) of those prospective customers.

The Commission compliments the Company on the program modifications that it was able to make in order to better serve its customers during the COVID-19 pandemic.

## **VI. INTERVENOR COMMENTS AND ADVISORY GROUP UPDATES**

According to Walmart, it performed a review of the Company's filing along with the supporting documentation and asserts it has no comments or issues with respect to the filing or DSM Rider. However, Walmart states it will continue to collaborate with Dominion and other interested parties concerning the Company's programs in the future.

The Southern Alliance for Clean Energy and South Carolina Coastal Conservation League (or "the Joint Intervenors") assert that Dominion has acknowledged that 1% savings levels for DSM portfolios are cost effective and achievable in its territory, and that this is a significant change in circumstances from those presented in prior cases. The Joint Intervenors also believe that this change means that the Commission should revisit its earlier finding that Dominion should not be required to update its portfolio for a period of five years, which was contained in Commission Order No. 2019-880, and that Dominion should be required to increase its proposed Energy Efficiency savings in the near term. The Joint Petitioners also take issue with certain methodologies employed by Dominion in its processes. Ultimately, the Joint Petitioners recommend that the Commission order Dominion to file stakeholder informed modifications needed for the portfolio to achieve the 1% or higher savings by its next EE filing.

Dominion responded to the Joint Petitioners by stating that if the Commission approves their proposal, it would be ordering Dominion to be taking action that is already underway, and with ongoing input through a stakeholder process to which the Joint Petitioners are active members. Dominion then outlines actions that it has taken to work towards the stated 1% goal since the 2020 DSM Rider proceeding. Dominion denies that

there has been any “change in circumstances” as described by the Joint Petitioners. Dominion notes that it is following a timetable as laid out by Order No. 2020-832. The Company believes that the Joint Petitioners are requesting that the Commission reopen and reconsider the terms of its Orders in the 2019 and 2020 DSM proceedings, which Dominion believes is outside the scope of this annual DSM review.

According to ORS, the Company’s DSM Advisory Group (“Advisory Group”) continues to meet to discuss the status of each program, including preliminary participation statistics, Evaluation, Measurement & Verification (“EM&V”) plans and preliminary EM&V data. The Advisory Group met on May 5, 2020, August 25, 2020, and November 17, 2020. During the meetings, Dominion provided updates on the status of the programs, the impacts of the COVID-19 pandemic on the programs, the status of the recent Commission-approved program expansion, the results of Dominion’s avoided cost update, EM&V results for PY9, and issues concerning low-income participants. The Advisory Group was formed in accordance with Order No. 2010-472 and includes one representative each from the industrial sector, commercial sector, environmental sector, State Low Income Home Energy Assistance Program (LIHEAP), and ORS.

## **VII. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

1. This Commission finds and concludes that Dominion administered its Demand Side Management programs under the current review period pursuant to S.C. Code Ann. § 58-37-20 (2015) and S.C. Code Ann. Regs. 103-819 and 103-825 (2012). In addition, we hold that they were developed in accordance with the terms and conditions set forth in Commission Order Nos. 2010-472, 2013-826, and 2019-880.

2. ORS found and the Commission agrees that the Company's actual energy savings have fallen well short of the Company's projections of energy savings for several years. The Company should revisit the methodology used in establishing energy savings projections to ensure better alignment of actual energy savings with projections in the Company's future filings. Further, the Commission should further examine this matter in a future proceeding.

3. ORS also found and the Commission agrees that that the Home Energy Check-Up program has failed to be cost effective in Program Years 8 and 9 and is projected to fail the cost effectiveness test in Program Years 10 and 11. The Company should incorporate any necessary changes to improve the cost effectiveness of this program. Further, the Commission should examine this and other DSM matters in a future proceeding.

4. The relief requested by the Southern Alliance for Clean Energy and South Carolina Coastal Conservation League with regard to the 1% savings levels for DSM portfolios should be denied at this time. The Commission should continue to monitor that process and review it again in a future proceeding.

5. The stakeholder group should continue to discuss the matters raised by the Joint Petitioners, as well as other matters related to the DSM programs.

## **VIII. ORDERING PROVISIONS**

### **IT IS THEREFORE ORDERED THAT:**

1. Dominion's update to DSM Rider is approved to provide for the recovery of Dominion's costs and net lost revenues associated with its DSM programs along with

the Commission-approved shared savings incentive for investing in such programs, effective for bills rendered on and after the first billing cycle of May 2021.

2. Dominion shall file the amended DSM Rider with rates approved by this Order within ten (10) days of receipt of this Order, and also serve copies on the parties.

3. The revised rider should be electronically filed in a text searchable PDF format using the Commission's DMS System (<https://dms.psc.sc.gov/>). An additional copy should be sent via e-mail to [etariff@psc.sc.gov](mailto:etariff@psc.sc.gov) to be included in the Commission's ETariff system (<https://etariff.psc.sc.gov>). Dominion shall provide a reconciliation of each tariff rate change approved as a result of this order to each tariff rate revision filed in the ETariff system. Such reconciliation shall include an explanation of any differences and be submitted separately in the Commission's DMS system from the Company's ETariff filing. Each tariff sheet shall contain a reference to this Order and its effective date at the bottom of each page.

4. The Company shall revisit the methodology used in establishing energy savings projections to ensure better alignment of actual energy savings with projections in the Company's future filings. Further, the Commission will further examine this matter in a future proceeding.

5. The Company shall incorporate any necessary changes to improve the cost effectiveness of this program. Further, the Commission will examine this and other DSM matters in a future proceeding.

6. The relief requested by the Southern Alliance for Clean Energy and South Carolina Coastal Conservation League with regard to the 1% savings levels for DSM

portfolios is denied. The Commission will continue to monitor that process and review it again in a future proceeding.

7. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Justin T. Williams, Chairman  
Public Service Commission of  
South Carolina